

JAN 28 1957

I. PROBLEM:

Should the Director at this time seek additional funds to construct our proposed new building in accordance with our original plans so as to house all of our Departmental personnel and activities in one building?

II. ASSUMPTION:

If we asked for any additional funds we would ask for the total necessary to accommodate all Departmental activities and personnel in one building. (\$12 to \$13 million dollars.)

III. FACTS:

A. The original estimate which was agreed to by the General Services Administration and the Bureau of the Budget and submitted to the Congress with our request for an authorization and appropriation was \$50 million - to accommodate all of our Departmental activities - [REDACTED]

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B. The Congress has authorized and appropriated \$46 million and has directed "that the Agency make every effort to construct a building to accommodate all of its headquarters personnel within the sum provided and....that none of these funds be spent in such a way as to make it necessary for the Congress to authorize additional funds at a later date." (Tab A)

C. Last Fall we agreed with the General Services Administration and Harrison & Abramovitz that we could not construct an adequate building for \$46 million dollars. Further study indicated that we could erect a building for about [REDACTED] (short of our original goal) by leaving out of it certain activities which required a large amount of space in relation to the number of people occupying it, i.e., Printing and Reproduction, TSS laboratories, and certain full-time training activities. We decided to proceed with our planning

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along these lines, leaving open the question as to whether or not we might at some later date request legislation which would permit us to place all of our activities in one building, or at least at one location.

D. Construction costs have risen about 9% since we presented our original request to the Congress in the Spring of 1955. In other words, due to rising construction costs alone we can now buy about \$4 million less building for our money than we could then - the picture may get worse before we let a construction contract.

E. Current estimates indicate that:

1. To construct a building to accommodate our original space requirements (all Departmental personnel and activities) would probably cost \$58 or \$59 million dollars - \$12 to \$13 million more than we are now authorized.

2. We cannot construct for \$46 million dollars as large a building as we had thought possible last Fall, and it seems probable that in a building which we can construct for \$46 million we will be able to accommodate only slightly more than [REDACTED] people - this means leaving out an additional 1,000 people which present plans do not contemplate.

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F. 1. Tangible savings to the taxpayer, if we could all be in one building, would be about \$3,200,000 per annum.

2. Leaving out Printing & Reproduction, TSS laboratories, and certain training activities as now planned reduce these savings by about 50%.

3. Leaving out additional personnel will cause a further corresponding reduction.

G. In a letter dated 6 December 1956 the Director of the Budget advised us that the President desired to avoid the impact of additional Government spending on the national economy at the present time, that we should minimize our plans for new construction during this period of extremely high business activity, that plans should be prepared and held in abeyance until there appeared to be some lessening of the intense pressure in this area and that we should proceed now with essential construction projects only. (Tab B) We replied to this letter on 21 December 1956 stating our firm belief that it was in the Government's best interests to proceed with the construction of our new building. While our funds are included in the President's budget, we still have to obtain permission from the Bureau of the Budget or the President before we actually let our construction contract. (Tab C)

H. We have also received a letter from the Secretary to the Cabinet quoting minutes of a 14 December 1956 Cabinet Meeting at which the President personally announced as a part of his budget policy that "the rate of expenditures for construction for which obligational authority either is now available or may be granted by the Congress is to be held to the economic minimum and requests for new obligational authority for construction are to be made for essential projects only in order that federal spending will not increase the competing pressures for money, manpower, materials and equipment." (Tab D)

I. In a letter dated 23 January 1957 the Director of the Budget has advised us that the President desires that "any proposals by departments or agencies for new legislation involving increase of new obligational authority or expenditures not specifically provided for in the budget or which cannot be covered within budget totals will be rejected and held to be 'not in accord with the President's program' unless the President otherwise directs." (Tab E)

IV. DISCUSSION:

A. Based on facts A. through F. above, a strong argument can be made that we should request legislation to accomplish our original purpose, and, in fact, that it would be quite inappropriate for us not to do so. Facts G. through I., however, indicate that the Executive Branch might deny us permission to make such a request of the Congress and it seems almost certain that the President's personal permission would be necessary.

B. Assuming that the President would grant permission, which is not at all certain, it will surely be a controversial matter in the Congress. We know that such a request would be sympathetically received by some key members of the Congress and almost certainly it would be quite unsympathetically received by others. Those who would oppose us would probably do so primarily because they believed we did not need so many people in Washington, and, secondly, because of the cost. Even those who would be sympathetic would not be likely to defend our Departmental strength. In fact, few, if any, really understand our need for this number of people in Washington. The controversy and resultant publicity would focus attention on the Agency which might be undesirable at this time. If we were successful it would probably be only with considerable difficulty.

C. Conceivably, a combination of Executive Branch reluctance to undertake major construction at this time and congressional controversy over the matter could result in the Agency being denied permission to let its construction contract for an indefinite period.

D. Although it is highly desirable to undertake all of our construction at once, it is possible to leave some units out of the building and it is feasible to add to it or to construct a separate building at the same location to accommodate all of our employees at a later date.

E. If we are going to request additional authority, legislation should be introduced at a very early date. If not, we should advise certain key members of the Congress of the facts and our plan of procedure.

V. CONCLUSION:

That we should not seek additional authorization and funds at this time.

VI. RECOMMENDATIONS:

A. That we continue, and if possible expedite, our present planning for a \$46 million dollar building.

B. That as soon as we can determine how many people the building will accommodate we designate those additional units which will not move to the new building and adjust our internal plans accordingly.

C. That we advise appropriate key members of the Congress of our plan of action with the understanding that if we are unsuccessful in our efforts to reduce our personnel so as to get all or nearly all of them in this building we may request an additional authorization and appropriation at some later date.